

Message Text

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ACTION ARA-20

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RSC-01 USIA-15 PRS-01 SPC-03 AID-20 COME-00 EB-11

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FM AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS: EFIN, EIND, VE

SUBJECT: TWO INDUSTRIES MAY BECOME MIXED COMPANIES

REF: CARACAS 00028, 1/2/74

1. IN EXCLUSIVE INTERVIEW WITH A WRITER OF THE DAILY JOURNAL VENEZUELA'S ENGLISH LANGUAGE NEWSPAPER, MINISTER OF DEVELOPMENT, HECTOR HERNANDEZ CARABANO, STATED THAT LOCAL FOREIGN MILK AND ELECTRIC POWER CONCERNS, UNDER PRESSURE BY GOVERNMENT TO RELINQUISH THEIR CONTROL TO NATIONAL INTERESTS MAY BE CONVERTED INTO MIXED CAPITAL COMPANIES.

2. MINISTER HERNANDEZ STRESSED QUOTE THESE MEASURES WERE INSPIRED, AS THE PRESIDENT (CALDERA) SAID, BY A HEALTHY SENSE OF NATIONALISM WHICH NEITHER IGNORES NOR EVLLUDES THE PARTICIPATION OF FOREIGN CAPITAL AND TECHNOLOGY IN VENEZUELA. UNQUOTE.

3. ABOUT MIL INDUSTRY MINISTER HERNANDEZ STATED THAT SWELLING SUBSIDIES WHICH GOVERNMENT HAS PAID (BS. 40 MILLION PER YEAR) TO ASSURE CONSUMER PRICES REMAIN FROZEN HAS MADE NATIONALIZATION QUOTE IMPERATIVE. UNQUOTE. HE COMMENTED THAT THE POWDERED MILK INDUSTRY WILL BE RESERVED FOR A COMPANY WHICH HAS VENEZUELAN MAJORITY

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WITH 40PERCENT CAPITAL PARTICIPATION BY FOREIGN FIRM CAPABLE OF

PROVIDING NECESSARY TECHNOLOGY. MINISTER ADDED THAT NESTLES IS FOREIGN COMPANY UNDER CONSIDERATION.

4. MINISTER HERNANDEZ STATED WITH REFERENCE TO ELECTRIC POWER INDUSTRY, QYOTE IT IS EVIDENT THAT AS A RESULT OF ENERGY CRISIS MODERN STATES SHOULD HAVE CONTROL OF PRO*UCTION AND DISTRIBUTION OF SOURCES OF ENERGY. UNQUOTE. MINISTER HERNANDEZ MENTIONED THAT AFFECTED COMPANIES ARE C.A. ENERGIA ELECTRICA DE VENEZUELA IN MARACAIBO AND BARQUISIMETO- BOTH OWNED BY CANADIAN INTERNATIONAL POWER LTD. MINISTER ALSO STATED THAT GOV INTENDS TO BUY OUT-RIGHT THROUGH CADAFE AT LEAST 51 PERCENT OF FOREIGN COMPANIES BUT MAY PURCHASE 100 PERCENT OF COMPANIES IF CANADIAN FIRM DECIDES TO SELL OUT COMPLETELY.

5. COMMENT: IT IS NOTED DURING HIS INTERVIEW REGARDING NEED FOR CONTROL OF THESE INDUSTRIES, MINISTER HERNANDEZ ALSO MENTIONED NEED FOR FOREIGN CAPITAL AND TECHNOLOGY.
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